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Vienna Insurance Group (Wiener Versicherung Gruppe) exceeds EUR 10 billion premium volume (preliminary figures for 2019) Profit (before taxes) more than half a billion euros, Corona crisis measures set in all countries

- Total premium volume increases to around EUR 10.4 billion (+7.7%)
- Profit (before taxes) rises to around EUR 522 million (+7.4%)
- Combined ratio clearly improved to 95.4% (-0.6 percentage points)
- Earnings per share significantly higher at EUR 2.59 (+27%)
- Dividend increase to EUR 1.15 per share proposed (+15%)

Vienna Insurance Group (Wiener Versicherung Gruppe) achieved top results based on the preliminary figures for the financial year 2019. Concerning the current Corona crisis various measures have been set: *“We significantly improved our key financial figures for the fourth year in a row. These results confirm our position as market leader in Austria and the CEE region. They also underpin the growth potential in our markets that we have successfully made use of for exactly 30 years. Undoubtedly, the Corona situation will have an impact on our business development. At the moment, the effects on the Group are yet to be estimated. We emphasised safety and security measurements for our employees and customers and ensured the continuous business operations in all our countries. We are constantly in contact with our insurance companies to encourage the containment of the virus. Regardless of the current situation, we will be proposing in the fourth subsequent year to the Annual General Meeting a significant increase of the dividend from EUR 1.00 to EUR 1.15 per share for the financial year 2019 due to the excellent business performance achieved in the previous year. This is an increase of 15% and corresponds to an attractive dividend yield of 4.5%,”* explained General Manager Elisabeth Stadler.

Premium growth dominated by the non-life business

A significant rise of 7.7% pushed total premiums written in 2019 above the EUR 10 billion threshold for the first time, to EUR 10,399.4 million. Without exception, all sectors recorded growth and contributed to the year-on-year increase in premiums of around EUR 742 million. The other property and casualty and comprehensive motor business dominated with respect to absolute premium growth. Health insurance recorded the largest percentage increase of around 12%.

The non-life sector represents around 58% of the premium portfolio (motor third party liability, comprehensive motor, other property and casualty insurance), life insurance around 35% (regular premium, single premium products) and health insurance around 7%. The largest premium gains were recorded in the segments Poland (EUR +234.2 million), Baltic states (EUR +124.5 million), Austria (EUR +103.4 million), Remaining CEE (EUR +72.2 million) and Czech Republic (EUR +61.6 million).

The Baltic States (+33.1%), Bulgaria (+30.7%), Poland (+26.1%) and Remaining CEE (+19.3%) segments stand out in terms of percentage premium growth. In the Remaining CEE segment, Ukraine (+58.2%), Bosnia-Herzegovina (+37.6%) and Serbia (+14.0%) recorded especially large premium growth.

“The markets in the CEE region recorded premium growth of 10.6%. We are now generating 57% of our total premium volume in the CEE region,” remarked Elisabeth Stadler.

Profit (before taxes) around EUR 522 million

In 2019, the target range for profit (before taxes) was EUR 500 to 520 million. At EUR 521.6 million, the profit (before taxes) was slightly above the target range and 7.4% higher than the result in the previous year. The increase in profit was due to a clear combined ratio improvement and, among other things, a significant increase in the profits contributed by Austria (EUR +37 million) and Poland (EUR +37 million).

This was offset by a small decrease in the financial result, mainly due to a decrease in the contribution from the non-profit societies resulting from the deconsolidation starting 31 July 2019, and the entire goodwill impairment in the Romania segment in the amount of EUR 108.8 million (previous year EUR 50.1 million). In the course of the annual impairment test, the earnings expectations for Romania were further reduced due to the sustained difficult market situation.

With the exception of Romania, all segments earned profits (before taxes). 53% of the profit (before taxes) was achieved in the CEE region.

Net result 23% higher than in the previous year

The strong profit before taxes and a lower tax rate of around 21% led to a significant 23% year-on-year increase in the net result to EUR 331.3 million in 2019. The change in the consolidation method of the non-profit societies in the 3rd quarter of 2019 had no effect on this positive performance.

Combined ratio significantly improved

The combined ratio could be reduced significantly by 0.6 percentage points to an excellent 95.4% in 2019. Measures implemented under the management programme Agenda 2020 had a particularly positive effect, especially in the area of motor insurance. This led to a further improvement in the combined ratio, in spite of an increase in claims payments due to natural catastrophes compared to the previous year.

The segments Austria (-0.7 percentage points), Czech Republic (-0.7 percentage points), Bulgaria (-3.3 percentage points) and Remaining CEE (-2.7 percentage points) played a major role in the improvement of the combined ratio. All of the segments operated profitably in the property and casualty line of business with the exception of Romania (100.9%), where the combined ratio improved significantly by 6.7 percentage points.

Solvency ratio 210%

VIG's solvency ratio was at an internationally comparable level of 210% as of 31 December 2019.

Financial result

The financial result (incl. the result from at equity consolidated companies) was EUR 1,010.8 million in 2019, representing a small decrease of 2.6% compared to the same period in the previous year.

Investments

Total investments (including cash and cash equivalents) were EUR 35.9 billion as of 31 December 2019. The decrease compared to 2018 (EUR 37.6 billion) was due to the change of the consolidation method of the non-profit societies.

Expenses for claims and insurance benefits

Group expenses for claims and insurance benefits less reinsurers' share were EUR 7,262.7 million in 2019, representing a year-on-year rise of 4.5%. The increase was due to a significant growth in premium volume.

Proposed dividend increased again

Based on the excellent business performance achieved, the Managing Board of Vienna Insurance Group (Wiener Versicherung Gruppe) will propose to the Annual General Meeting that the dividend for the financial year 2019 will be raised from EUR 1.00 to EUR 1.15 per share. This corresponds to an increase of +15% and a dividend payout ratio of 44.4%. The dividend yield is 4.5%. Earnings per share significantly increased to EUR 2.59, up by 27% compared to the previous year.

Preliminary results

The information in this press release for the financial year 2019 is based on preliminary data. The final information for the financial year 2019 will be published in the Group Annual Report on 16 April 2020 on the website www.vig.com.

Current developments for 2020

With respect to the current coronavirus situation, we have taken all appropriate measures within the Group to protect our employees and ensure business continuation. Vienna Insurance Group (Wiener Versicherung Gruppe) is continuously adjusting these measures as the situation changes. In addition, capital market developments are being continuously monitored.

The extensive measures implemented around the world to prevent further spread and the uncertainty concerning its progression will decrease global economic growth. For the time being, the effects on the business development of the Group are not assessable.

Consolidated Income Statement (IFRS)

(in EUR mn)	2019	2018	+/- %
Gross premiums written	10,399.4	9,657.3	7.7
Net earned premiums	9,317.9	8,729.4	6.7
Financial result incl. at equity consolidated companies	1,010.8	1,037.5	-2.6
Other income	193.2	131.5	46.9
Expenses for claims and insurance benefits	-7,262.7	-6,947.0	4.5
Acquisition and administrative expenses	-2,293.2	-2,140.7	7.1
Other expenses	-444.4	-325.2	36.7
Result before taxes	521.6	485.4	7.4
Taxes	-108.5	-117.5	-7.7
Result of the period	413.1	368.0	12.3
Non-controlling interests	-81.8	-99.0	-17.4
Net result after non-controlling interests	331.3	268.9	23.2
Earnings per share in EUR (annualized)	2.59	2.04	27.1
Combined Ratio (net in %)	95.4	96.0	-0.6pp

Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	2019	2018	+/- %
Gross premiums written	2,548.2	2,299.8	10.8
Net earned premiums	2,392.0	2,211.3	8.2
Financial result incl. at equity consolidated companies	383.8	241.6	58.9
Other income	59.1	48.2	22.6
Expenses for claims and insurance benefits	-1,894.4	-1,751.4	8.2
Acquisition and administrative expenses	-603.8	-540.1	11.8
Other expenses	-191.3	-76.5	>100
Result before taxes	145.4	133.1	9.2
Taxes	-27.7	-40.6	-31.7
Result of the period	117.7	92.5	27.3
Non-controlling interests	-12.9	-30.5	-57.7
Net result after non-controlling interests	104.8	62.0	69.0
Combined Ratio (net in %)	92.3	95.3	-3pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	31.12.2019	31.12.2018	+/- %
A. Intangible assets	2,137	1,961	9.0
B. Investments	34,456	36,288	-5.1
C. Investments of unit- and index-linked life insurance	8,620	8,049	7.1
D. Reinsurers' share in underwriting provisions	1,283	1,136	13.0
E. Receivables	1,717	1,563	9.9
F. Tax receivables and advance payments out of income tax	227	298	-23.8
G. Deferred tax assets	69	95	-27.8
H. Other assets	392	427	-8.3
I. Cash and cash equivalents	1,443	1,347	7.1
Total Assets	50,345	51,163	-1.6

Liabilities and Shareholders' Equity (in EUR mn)	31.12.2019	31.12.2018	+/-%
A. Shareholders' equity	5,191	5,836	-11.1
B. Subordinated liabilities	1,465	1,459	0.4
C. Underwriting provisions	31,886	30,506	4.5
D. Unit- and index-linked underwriting provisions	8,116	7,609	6.7
E. Non-underwriting provisions	932	867	7.4
F. Liabilities	2,095	4,277	-51.0
G. Tax liabilities out of income tax	251	269	-6.6
H. Deferred tax liabilities	262	204	28.6
I. Other liabilities	148	137	8.2
Total Liabilities and Shareholders' Equity	50,345	51,163	-1.6

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	2019	2018	+/- %	2019	2018	+/- %	2019	2018	+/- %
Gross premiums written Total	3,943.3	3,839.9	2.7	1,745.8	1,684.2	3.7	798.9	799.6	-0.1
Result before taxes	207.3	170.4	21.7	172.4	166.7	3.5	48.9	47.2	3.5
Combined Ratio (net in %)	93.5	94.2	-0.7pp	92.0	92.7	-0.7pp	97.1	97.3	-0.2pp

in EUR mn	Poland			Romania			The Baltic		
	2019	2018	+/- %	2019	2018	+/- %	2019	2018	+/- %
Gross premiums written Total	1132.0	897.8	26.1	468.2	515.3	-9.1	500.3	375.8	33.1
Result before taxes	69.2	32.2	>100	-101.8	-73.9	37.8	7.7	2.1	>100
Combined Ratio (net in %)	94.8	92.6	2.2pp	100.9	107.5	-6.7pp	97.7	98.7	-1pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	2019	2018	+/- %	2019	2018	+/- %	2019	2018	+/- %
Gross premiums written Total	289.5	263.5	9.9	223.9	171.3	30.7	234.9	198.3	18.5
Result before taxes	8.7	7.6	14.3	15.8	11.4	38.1	6.7	3.8	73.3
Combined Ratio (net in %)	97.6	98.5	-0.9pp	95.8	99.1	-3.3pp	96.5	98.5	-1.9pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	2019	2018	+/- %	2019	2018	+/- %	2019	2018	+/- %
Gross premiums written Total	446.9	374.7	19.3	380.4	321.0	18.5	1,623.5	1,584.3	2.5
Result before taxes	27.1	23.5	15.3	22.6	23.9	-5.7	36.5	70.2	-48.1
Combined Ratio (net in %)	93.9	96.6	-2.7pp	82.4	82.9	-0.5pp	-	-	-

in EUR mn	Consolidation			Total		
	2019	2018	+/- %	2019	2018	+/- %
Gross premiums written Total	-1,388.2	-1,368.4	1.4	10,399.4	9,657.3	7.7
Result before taxes	0.7	0.3	>100	521.6	485.4	7.4
Combined Ratio (net in %)	-	-	-	95.4	96.0	-0.6pp
Net result after non-controlling interests	-	-	-	331.3	268.9	23.2

Calculation differences may arise when rounded amounts and percentages are summed automatically.

Information on reporting

VIG has modified its reporting in response to a change in the rules for the prime market segment of the Vienna Stock Exchange. No changes will be made to the annual and half-year financial reports. Starting in 2019, interim reports in accordance with IAS 34 will no longer be prepared for the 1st and 3rd quarters. The quarterly figures for net assets, financial position and results of operations for the 1st and 3rd quarters were prepared in accordance with the International Financial Reporting Standards (IFRS).

IR news and a results presentation are available at www.vig.com/events

Vienna Insurance Group (VIG) is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG has close to 200 years of experience in the insurance business. With more than 25,000 employees, Vienna Insurance Group is the clear market leader in its Austrian and CEE markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

Disclaimer

This release contains forward-looking statements that concern future developments in Vienna Insurance Group. These statements are based on current assumptions and forecasts by the management of Vienna Insurance Group. Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. Vienna Insurance Group assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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